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Celgene pays through the nose for a hand in immune checkpoints



[Jacob Plieth](#)

Over the past few years Celgene has been one of the most active dealmakers, pumping vast amounts of cash into numerous small biotechs. One approach it has lacked is anticancers acting on immune checkpoints, but today this was addressed through a licensing deal to an Icos-activating MAb in development by Jounce Therapeutics.

However, this has not come cheap; Celgene has handed across \$225m in cash, plus a \$36m equity stake, for JTX-2011 – an asset not yet even in clinical trials. It seems that even in a bear biotech market coming late to the table carries a considerable price.

Moreover, all Celgene has bought is the right to opt into a 40% share of JTX-2011 profits, as well as an option on four other undisclosed Jounce projects. Little is known about the early-stage pipeline of Jounce, a private company, but [the deal specifies](#) defined assets against B-cell, regulatory T cell (Treg) and tumour-associated macrophage targets.

Scarcity value?

If there were multiple parties interested in JTX-2011 then Jounce looks to have had a strong bargaining position. JTX-2011 is one of just three Icos-targeting MABs in development, *EvaluatePharma* data suggest.

One is GlaxoSmithKline's GSK3359609, [about to start a phase I trial](#) in combination with Merck & Co's Keytruda in 304 solid tumour patients. The other is AstraZeneca's MEDI 570, though this is an anti-Icos MAB and was discontinued by the UK company some time ago; it is now in trials sponsored by Japan Tobacco [and the NCI](#).

This type of scarcity value is significant at a time when there are numerous me-too immuno-oncology agents in development against PD-1 and PD-L1, for instance. The race is on to develop MABs targeting additional immune checkpoints such as Ox40, 4-1BBL, Vista, Lag3, Tim3 and of course Icos ([Latest immuno-oncology deal brings big pharma endorsement, March 18, 2014](#)).

However, while progress with CTLA4 and PD-1/PD-L1 MABs was swift, the follow-on targets have failed to live up to the promise – so far, anyway. Data with many of these projects have underwhelmed at one scientific meeting after another, most recently at Asco.

Indeed, it looks increasingly like their promise as monotherapies is limited, and the potential will only be realised in combination with, for instance, anti-PD-1 agents – though cost, of course, is a separate issue.

A [recent publication in Cancer Research](#) said Icos ligand blockade alone reduced accumulation of Tregs but was insufficient to halt tumour growth. While this hints at the possibility of combinations, such an approach will not be simple given the subtle need to deplete Tregs and stimulate effector T cells.

Third Rock

This will be of little worry for Jounce or its private backers, including Third Rock Ventures, which have so far put barely \$100m into Jounce equity since the group was founded in 2013.

Thus Jounce has joined several other biotechs thriving thanks partly to Celgene's appetite for deal making, including Agios, Epizyme and Bluebird Bio. Until now Celgene's activity in immuno-oncology was limited to cell therapy assets in development by Juno and Bluebird, and rights to Astra's anti-PD-1 agent durvalumab in haematology.

Even if Celgene has overpaid for a very early asset it did at least act to remedy a hole in its pipeline. Jounce must have realised this, and played its hand to perfection.

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